vier support in 1988—and occasionally translates print circulars into Spanish for distribution via Spanish-language newspapers.

But TV remains Penney's primary medium. "We've tested our efforts and found TV to be the most immediate and effective way of bringing our sales events to the attention of the public," says Ms. Asip.

Penney's hispanic TV commercials bear little resemblance to their general-market counterparts. The English-language spots tend to be fast-paced and contemporary, often showing just one individual. The hispanic spots always focus on the family.

"Even if the products don't relate directly to the home," says Ms. Asip, "we try to find ways to bring mother, father and grandmother into the picture."

The company is considering making some commercials to support its house brands, but it has no plans to do an image-oriented campaign. "Investments have to be focused on results, and sales events are what motivate people to come into the store," she says.

Sears also concentrates most of its efforts on traffic-building sales events. Ann Collins, Sears Merchandise Group's coordinator-national advertising campaigns, says the company aired some corporate image TV commercials early in 1987, but then switched primarily to promotional radio. The shift was not specific to hispanic media, she says.

"The hispanic program—like the black or any other segment—works in synergism with the general market program," says Marta Gerdes, VP-account supervisor at J. Walter Thompson Hispania, Chicago, which handles Sears hispanic creative and market planning. "And radio has been the primary broadcast medium in all markets—black, hispanic and general."

The escalating costs of TV production figured heavily in the media shift. Ms. Gerdes says Sears does more than 100 promotional events a year and the costs of producing 100 TV spots would be prohibitive.

"When a sales message airs for only three days," adds Ms. Collins, "it's much more cost-effective to use radio."

But Sears didn't entirely abandon Spanish-language TV in 1987. Last summer Sears turned to TV to promote its line of McKids clothing because this

(Continued on Page S-8)

specifically for the market "also demonstrates how important it is to Avon."

Maybelline Co., Memphis, also has entered Spanish-language TV, but without a commercial. The company has committed to a year-long sponsorship on "Sabado Gigante," the No. 1-rated Spanish-language TV show, according to SRC. For the first 13 weeks, Maybelline will sponsor on-camera makeovers of women selected from viewer mail.

It's not surprising that Maybelline is testing the market through "Sabado Gigante." Not only does it command more viewers than any other Spanish-language show, but advertisers don't have to pay commercial production costs. "I think this is what made it so attractive for Maybelline," Mr. Pero says.

A Maybelline spokeswoman offers a more telling reason behind its move. "They really buy what is on the show," she says.

Another easy way to enter the hispanic market is to do voiceovers of general-market ads, which is the approach taken by Parfums de Couer. Translation does present pitfalls, admits Mr. Laracy, saying Univision staffers helped him make certain his commercial didn't become an embarrassment.

Other recommendations include using a hispanic spokeswoman in general-market ad campaigns. Maybelline may have been reaching bilingual hispanics when its general-market advertising featured Mexican-American actress Lynda Carter.

Just as Maybelline has made one more step toward the market through "Sabado Gigante" sponsorship, Mr. Pero is certain others will follow as the pioneers generate sales. "We know Spanish advertising works," he says. "I'll guarantee we'll see more cosmetics firms joining in the near future."

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# Imports accelerate drive for share

By Dee Ann Maki

American automakers historically have attracted the loyalty and dollars of hispanic car buyers in this country. But the domestic manufacturers may no longer be in the driver's seat, perhaps having taken their position for granted for too long.

Import nameplates, especially Asian, are making big inroads into the $5 billion-plus car-buying market through a variety of specific campaigns targeting hispanic buyers.

Jesus Chavarria, editor-publisher of Santa Barbara, Calif.-based *Hispanic Business*, says efforts by domestic companies have been sporadic, and hispanic-focused advertising still isn't a front-burner issue.

"It's a shame," he says. "They're kind of missing this market and if they really pursued it they might be surprised."

Isaac Lasky, VP-hispanic marketing, W.B. Doner & Co., Southfield, Mich., agrees that U.S. automakers are in danger of losing hispanic buyers.

"The American dream is to drive a car, and big names to Latin Americans are Ford and Chevy."

*Dee Ann Maki is a Detroit-based free lance writer.*

According to a recent study by San Diego-based Market Development Inc., Chevrolet and Ford have the greatest brand awareness of all nameplates among hispanic buyers. Not coincidentally, Chevrolet and Ford also had the best share of the hispanic car market, commanding 15.1% and 10.9% shares of 1986 model year purchases, respectively, according to R.L. Polk & Co., Detroit.

Detroit's reportedly stagnating efforts are in sharp contrast to the hispanic auto market's increasing potential. R.L. Polk reports that hispanics purchased $5.2 billion worth of new cars and trucks in 1986, up 15.6% from $4.5 billion in 1985.

Early results of the company's study of 1987 model year purchases, commissioned by Los Angeles-based Univision, shows a 4% increase in the number of vehicles purchased. In comparison, vehicle purchases by non-hispanics declined 4.1% from 1986 to 1987 model years.

Additionally, the imports' share of the hispanic market is substantial and growing. A study of car registrations in the 21 largest U.S. hispanic markets showed that 39.3% of hispanics buying a new car in 1986 chose an import, compared with 37.2% in 1985. In the total U.S. marketplace, imports captured about 29% of all new-car buyers in 1986.

*Seemingly complacent domestic carmakers leave an opening in segment*

Yet among automakers, two domestics top the list of ad spending. Dearborn, Mich.-based Ford Motor Co. ranks No. 8 on *Hispanic Business'* list of the 40 leading hispanic market advertisers with 1987 ad expenditures of $3 million. General Motors Corp., the only other automaker to make the list, was No. 17 with a budget of $2.4 million.

Ford's budget was static from 1986 levels, however; General Motors' increased 9%.

Ford, which began in 1982 with the help of J. Walter Thompson Hispania, its New York hispanic shop, emphasizes original advertising specifically designed for hispanics. Its efforts have centered primarily on Taurus and Tempo but have included the Aerostar minivan and its Ranger light truck.

Ford's Lincoln-Mercury division also has stepped up its interest in the hispanic market, sponsoring a segment of "Sabado Gigante," Univision's game/variety show. L-M's compact Tracer was used as a prize on the show in return for media time in 1987.

Although some characterize the swap as being the lowest possible level of corporate involvement, L-M advertises in *Automundo* and *Hispanic Business*. The division expects to increase its Spanish-language radio efforts in 1988, focusing on Sable and Tracer, through UniWorld Group, New York.

Since initiating Spanish-language advertising in 1985, GM has concentrated its efforts at the Buick and Chevrolet divisions. For example, Warren, Mich.-based Chevrolet has been involved in the market for five years, primarily targeting the California market.

After sponsoring the 1986 World Cup soccer tournament, Buick says it has significantly upped its emphasis in the hispanic market. Buick is researching about 20 hispanic markets to make sure its ad strategy is appropriate in each area, says Jay Qualman Jr., the Flint, Mich.-based division's general director-advertising.

"The challenge we face at Buick is to make sure that the appeal for our cars is consistent to the various markets," he

(Continued on Page S-10)

## Chevy in the driver's seat

*Share of hispanic market, 1986 model year car purchases*

| | |
|---|---|
| 1. Chevrolet | 15.1% |
| 2. Ford | 10.9% |
| 3. Nissan | 9.6% |
| 4. Chrysler | 9.1% |
| 5. Oldsmobile | 6.9% |
| 6. Honda | 6.8% |
| Toyota | 6.8% |
| 8. Pontiac | 6.5% |
| 9. Buick | 5.0% |
| 10. Lincoln-Mercury | 4.0% |
| Others | 19.3% |

Source: R.L. Polk & Co.

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# Imports

(Continued from Page S-9)

says. "Each market is different, therefore, each individual preference is different."

Many auto manufacturers simply translate their mainstream advertising to reach the hispanic market. Buick doesn't follow this theory. "In instances where the message doesn't come across as well in the Spanish idiom, we design specific ads that will," Mr. Qualman says.

For example, last year Buick used actor Hal Holbrook as a celebrity spokesman. In targeting hispanics, Buick changed both the general-market spokesman and tagline, using actor Hector Bonilla and the phrase, *"Esta como usted lo quiere"*, or "It has what matters most to you."

This year, Buick scrapped the celebrity spokesman approach and picked up "The great American road belongs to Buick" theme, which stars only the car.

Buick has used television to reach hispanics, but may add radio and print in 1988. McCann-Erickson, Troy, Mich., handles.

According to Carlos Montemayor, president of San Antonio, Texas-based Montemayor & Asociados, which works with Highland Park, Mich.-based Chrysler Corp. on regional efforts, the automaker appeals to hispanics through cultural references.

Chrysler's ads, which are considered more of a corporate effort positioning the company as having a model for every life style, play up the importance of family to hispanics.

**Toyota's hispanic profile is jumping thanks to Spanish-language ads, which pick up general-market themes.**

Outside of these efforts, the domestics pay little attention to the market on a corporate level.

For example, GM's Pontiac, Mich.-based Pontiac division claims it attempts to reach everybody, not just selected markets, and emphasizes name and product awareness, says Bill O'Neill, Pontiac's director-public relations. Most of the automaker's hispanic market involvement is carried out by dealer organizations, which pursue it at their discretion.

Unless Detroit increases its activity, some market watchers suggest it will lose an even greater share to imports.

> ***"There's a significant [hispanic] middle class, and the foreign market is quickly taking notice."***
>
> **Jesus Chavarria**
> ***Hispanic Business***

Toyota Motor Sales USA, Torrance, Calif., suddenly has become one of the biggest contenders in the hispanic market. "Toyota is certainly going to leave the rest in the dust if these other people don't start doing something. This includes both foreign and domestics," says Philip Wilkinson, West Coast sales manager, Univision, Los Angeles.

Mr. Chavarria says the imports are seeing niches within the market and targeting them. "There's a significant middle class among these people, and the foreign market is quickly taking notice," he says.

Toyota found the hispanic segment a good market for its compact trucks, as well as midline Corolla and Camry car models.

Toyota's initial involvement began in 1986 with a 15 market promotional mall tour. Toyota now is launching a full-scale campaign in 1988 using TV, radio and print ads and carrying its "New dimension" theme line on a national level as well as involving its dealer associations.

"Once we launched the national program, dealer participation was active and we expect this activity to be enhanced in 1988 and beyond," says Jeff Bracken, account exec at Toyota.

Although Carson, Calif.-based Nissan Motor Corp. USA's activity has been limited primarily to dealer association TV, radio and print ads, the company is reexamining the market and expecting to boost activity, says Gene Cameron, exec VP, director-corporate marketing at Los Angeles-based Chiat/Day, Nissan's agency.

Even relative newcomer Hyundai Motor America, Garden Grove, Calif., is targeting hispanics. Hyundai takes a price-value approach that's attractive to the segment.

"We began our hispanic marketing involvement in Miami during the third quarter of 1987 and we plan to continue this focus throughout '88 and beyond," says Mark Weinfeld, senior account exec, Hyundai Dealer Association, Huntington Beach, Calif. The hispanic marketing budget will grow in line with overall spending increases, he says.

Hyundai's involvement is strictly on a dealer-level, representing Hyundai's factory and four dealer associations. The company expects to target both the Los Angeles and Miami markets in 1988 and is considering San Antonio.

"Years back Detroit automakers were showing some rather impressive shares in the hispanic market," says Mr. Chavarria. "Now their efforts are laxing and in the meantime the imports are becoming more sensitive to the needs of the hispanic market.

"The Big Three are going to have to do more than just translations if they want to make a comeback."

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# As events grow, so does skepticism

By Laurie Freeman

The list of corporate sponsors at Carnaval Miami, the most popular hispanic festival in the U.S., reads like Who's Who among America's top businesses.

More than 100 advertisers participate in the nine-day event, including Anheuser-Busch Cos., AT&T Co., Campbell Soup Co., Coca-Cola USA, Colgate-Palmolive Co. and Miller Brewing Co.

Although figures are not available for total corporate sponsorship of hispanic events, Carnaval Miami's budget is more than $1 million, most of which is derived from sponsorship fees, according to event organizer Leslie Pantin of the Kiwanis Club of Little Havana.

The tremendous advertiser commitment to Carnaval Miami illustrates the explosion in special-events marketing. But, while advertiser commitments are increasing, some companies are beginning to express concerns that these events have attracted too many sponsors.

A just-completed survey conducted by the University of Miami and Conceptos International, a division of Miami-based Tinsley Advertising, shows corporate marketing and advertising personnel favor advertising over promotions and public relations in reaching hispanic consumers. Although 21% are undecided, 56% prefer media advertising while 23% say promotions and PR are as important or more important.

Events may reach a broader spectrum of hispanic consumers, however, allowing companies to generate awareness and distribute samples to those who do not depend solely on Spanish-language media.

Hispanics aren't as jaded as mainstream consumers, says Ricardo Amundsen-Bueno, president of Amundsen-Bueno Associates, an Atlanta-based hispanic marketing consultancy. "And if a company makes a concerted overture to them through an event, it will win their business," says Mr. Amundsen-Bueno.

The major beer companies have been particularly effective in reaching the hispanic market, he says, because "they understand they have to do more than just hang up a banner over the event stage."

Guaranteeing success from participating in special events means reaching out to the community. "You need to have an integration of marketing and community affairs," says Frank Kopilak, a Miami-based marketing consultant, who helps major package-goods companies develop and execute hispanic marketing strategies.

"Hispanic consumers are not stupid," he says. "They know the difference between flag-waving and companies that are truly interested.

Companies need to determine whether their involvement is an extension of an existing marketing strategy, says Bronna Lipton, VP, manager-hispanic media and marketing services at Burson-Marsteller, New York. "These events are a supplementary activity, part of a larger marketing picture. They can't be the only tool."

If companies want an event to succeed, says Mr. Kopilak, "it means getting the sales manager in that area to support the event, talk it up to the trade and develop a good relationship with the local community."

For instance, CPC International's Mazola cooking oil has sponsored several Carnaval Miami events, and returns proceeds from some contests to a local charity. "Mazola is out to get name exposure and also give the community a sense that it is doing something," he says.

A thorough analysis of the community's needs is key, Ms. Lipton says. "If a company ties in with a charity or makes a donation, it must look at the organization carefully and tailor itself to the organization, not the other way around."

As hispanic events have grown, sponsors have become concerned that impact is diminishing and have expressed a need to exercise greater control over their participation.

"Some events can become diluted if too many companies try to sponsor too many things,"

## Party time

*Top hispanic special events*

| | Attendance (000) |
|---|---|
| 1. Calle Ocho, Miami | 1,500 |
| 2. Puerto Rican Day Parade, New York | 1,000 |
| Hispanic Day Parade, New York | 1,000 |
| 4. Hispanic American Festival, DC | 500 |
| 5. Fiesta del Sol, Chicago | 400 |
| 6. Three Kings Parade, Miami | 300 |
| Fiestas Patrias International Parade, Houston | 300 |
| 8. Hispanic Heritage Festival, Miami | 290 |
| 9. Fiestas Patronales, Chicago | 250 |
| Con Sabor a Mexico, Chicago | 250 |
| Carnaval, San Francisco | 250 |
| Charro Days, Brownsville | 250 |

Source: Burson-Marsteller Hispanic Media and Marketing Service


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says Mr. Amundsen-Bueno. "When 15 to 18 companies sponsor an event, an advertiser has to make sure its message gets through."

Participating in established events has its pros and cons. Although longstanding events have a built-in community image and track record, they also may have become too large. "You run the risk of becoming a little fish in a big pond," Ms. Lipton says.

Companies can become involved on one of three levels: by creating their own event, becoming the sole or primary sponsor of a large event or becoming one of many sponsors in a large event.

Sole sponsors of new events can receive a sales and image boost. "But you also run the risk of having it fail," Ms. Lipton says. "The best level may prove to be the sole sponsor of a large event, because it already exists, is proven to be a success, and will guarantee the sponsor the limelight."

WLTV-TV, Miami, in December helped coordinate the first annual International Salsa Festival and took into account growing discontentment over saturation.

"We guaranteed category exclusivity and made concessions, like allowing Budweiser to put banners on the music stage," says Mara Rankin, WLTV's general sales manager.

Budweiser also was the only beer sold during the festival. "Because this is the first time this event has been held, it didn't have a track record," Ms. Rankin says. "When most sponsors buy an event, the event dictates what the sponsor can do. With the Salsa Festival, we catered the event to the advertiser."

With many events having reached the sponsor saturation point, more advertisers are trying to determine the effect of their participation on sales. David Garcia, account supervisor-hispanic communications at Fleishman-Hillard, a Los Angeles-based public relations agency, says most of an event's success hinges on how much pre-event advertising, publicity and in-store promotions are set into motion.

"It's possible to measure the impact of publicity and consumer outreach programs, and do a cost analysis on that," he says.

Mr. Kopilak says it's not realistic to expect an event to generate significant product movement. "It's all playing with numbers and it's hard to measure," he says. "That shouldn't be the only objective of an event sponsorship."

As advertisers begin demanding more impact from sponsorship, events will have to be tailored more to companies' wishes. "It's like buying a suit off the rack," says Mr. Amundsen-Bueno. "A store is only too happy to make alterations to keep the customer satisfied. Most event marketers will make alterations to make the event work for the sponsoring company."

# Met Life conjures up a genie

By Mark Bittman

The snowball effect often cited in hispanic marketing—that the first company to enter the market is quickly followed by many of its competitors—melts quickly when considering the insurance industry's involvement in the market.

In this category one company is mounting a full-scale marketing effort while others are relying more on image. Most insurance companies appear to be hanging back until the market matures.

*Mark Bittman is a New Haven, Conn.-based free-lance writer.*

An accelerating marketing program by New York-based Metropolitan Life in the seven largest hispanic markets has had demonstrably positive results. Met Life hardly has a lock on selling life insurance to hispanics—Allstate Insurance Co. commanded a 12.1% share of policies written in 1986, followed by Met Life's 9% share and Prudential Insurance Co. of America's 7.8% share.

■ *Accentuating the living aspects of life insurance is a first step in reaching hispanics*

But no one denies Met Life has made strides in both breaking ground and generating sales since first targeting the market in 1983.

"In 1983," says Ruben Lopez, marketing director-special projects, "few insurance companies were doing anything at all in the hispanic market, and we were a distant fourth in terms of both market awareness and market share."

Mr. Lopez's figures show that in 1983, Met Life garnered a relatively paltry $400,000 in premiums from hispanic cus-

*(Continued on Page S-14)*

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# Red carpet

(Continued from Page S-1)

companies prefer to stay out: Research is inadequate or suspect; general-market ads reach hispanics; the market will assimilate; it's not worth the cost; hispanics don't buy our products; we don't have the marketing or distribution expertise—the list goes on. "It's like knocking your head against the wall," Mr. Pero says.

"Hispanic Marketing Issues: A National Survey," just-released research conducted by Miami-based Tinsley Advertising's Conceptos International division and the University of Miami, opens up some windows in that wall, tracking the opinions of brand managers and marketing and advertising executives at major corporations.

"For one thing, only 1% of the respondents feel strongly that the so-called hispanic market would disappear," says Joe Albonetti, VP-executive director of Conceptos International and the study's author. In fact, 63.2% strongly agree that the market will grow and become more important. And 70% feel that Spanish-language advertising is essential, even in reaching younger, more assimilated hispanics.

A sizable 70% also admit that their company doesn't give hispanic marketing the attention or budget it deserves, while only 8% say it is overemphasized. "And the longer companies are involved in hispanic marketing, the more they feel they aren't doing enough," says Mr. Albonetti.

Budgets are limited, says Bonnie Garcia, national manager-hispanic market development at Detroit-based Stroh Brewery Co. "I would love to do something to reach the Puerto Ricans and Cubans, but we have to concentrate on the bulk of the market first. The company has its priorities and that is to establish the general market first."

Hispanic marketing often is pushed onto the back burner. "It's a peripheral issue for everybody who isn't directly associated with the market," says Victor Ornelas, manager-promotions and marketing communications, Seven-Up Co., Dallas.

Ms. Garcia says that awareness of the segment is very high among Stroh brand groups and that targeting hispanics is seen as a long-term, but crucial, marketing strategy. "We're unlike A-B [Anheuser-Busch], Coors or Miller, because we're the new kid on the block, just expanding into different markets."

The Conceptos' study shows that companies' decisions to target hispanics are proactive and not reactive, however. Although those that market to hispanics are more aware of their competitors' hispanic market activity than those who are not involved, the decision to enter the market is not a defensive posture.

Most companies decide to target the hispanic market because they sell products in heavily hispanic areas and find the segment's growth attractive, particularly in light of a maturing general market.

"Companies are more concerned with finding a way of building their brands than looking over their shoulders," says Mr. Albonetti. "It's not being used primarily to outmaneuver competitors or as a way to gain share of market from them," a view that is held equally by category leaders and lower-tier competitors.

At Kraft Inc. the strategy is completely offensive. "We view the segment as a growth opportunity for selected core brands that have high consumption among hispanics," says Jim Macdonald, ethnic marketing manager at the Glenview, Ill.-based marketer.

The survey's response to another possible reason, "Our competition is marketing to hispanics and they could gain an edge if we do not," also downplays competitiveness as a factor. Only 58% of the respondents say this is important or very important, placing nine other considerations as more crucial. This casts doubt on the snowball theory, which holds that once one company in a category enters the market, its competitors will follow.

"This is one of the most important findings," says Mr. Albonetti, "and it may be disconcerting to people who are

(Continued on Page S-16)

## Philip Morris smokes into the market

| | 1987 budget ($000,000) | % change from 1986 |
|---|---|---|
| 1. Philip Morris Cos. | $13.3 | 77.3% |
| 2. Procter & Gamble | 12.0 | 50.0% |
| 3. Adolph Coors Co. | 9.8 | 145.0% |
| 4. Anheuser-Busch Cos. | 8.0 | 23.1% |
| 5. McDonald's Corp. | 7.0 | 11.1% |
| 6. Johnson & Johnson | 6.0 | 71.4% |
| 7. Colgate-Palmolive Co. | 5.0 | 66.7% |
| 8. Ford Motor Co. | 3.0 | — |
| Goya Foods Inc. | 3.0 | — |
| Sears Roebuck & Co. | 3.0 | — |
| Nabisco Brands Inc. | 3.0 | 20.0% |
| AT&T | 3.0 | 20.0% |
| Dart & Kraft Inc. | 3.0 | 20.0% |
| American Home Products | 3.0 | 76.5% |
| Lever Brothers | 3.0 | N.A. |

Source: Hispanic Business

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# Red carpet

(Continued from Page S-15)

trying to create a bandwagon feeling." Fortunately, he says, most of the companies that have entered the market have met their goals.

Not every marketer is satisfied with the effort. About 12% of the survey respondents started and then dropped hispanic marketing programs. "No one can be complacent about that," Mr. Albonetti says.

The first marketer in a product category to jump into the segment is the most successful because of hispanics' documented brand loyalty, says Fil Fernandez, marketing program manager-hispanic marketing, Polaroid Corp., Cambridge, Mass.

The fourth most mentioned reason why companies market to hispanics is that they feel their product has a particular appeal to hispanics. But because package goods essentially are alike, "the appeal of a specific product is generated by advertising," Mr. Albonetti says. "If you're the first in you can make tremendous share gains because competition is less and hispanics are brand loyal and enjoy the attention."

Being able to prove that hispanics will find their products appealing is the most important reason for reconsidering a hispanic marketing program, according to non-participating companies. If research indicates strong product usage among hispanics, 80% say it would be a very important consideration. Data displaying good potential of the market as a whole is cited as being very important by 70%.

"Research has gotten the market to where it is, but because it has been promotional in many instances, it has fueled suspicion of the numbers," says Mr. Albonetti. Those with a vested interest in the market have to provide cleaner, more actionable data, he says.

Recently, Univision and Telemundo Group commissioned studies by Audits of Great Britain and Market Opinion Research, both widely respected by general marketers. And the Spanish Radio Advisory Council asked corporations and general-market agencies to select a methodology they would trust.

Although Spanish-language media research may not equal that found in the general market, Larry Goldstein, project manager, Advansers, St. Louis, admonishes corporations that use research as an excuse for not participating.

"There may not be data available in all markets, but the available data is reasonable," he says. "Companies can proceed with what's there."

One of the more interesting ironies is that 60% of those companies not marketing to hispanics base this decision on reasons other than research. Although they say they want more believable data, only 19% researched the market, finding "hispanic media inefficient within the context of overall brand marketing."

Mr. Ornelas agrees that those trying to convince companies to enter the market have to provide better information. "But corporations have to do a better job of providing their own research."

Most companies that aren't marketing to hispanics say the cost isn't worth the budget. Despite Ms. Garcia's contention that corporations will find hispanic marketing programs and media "surprisingly efficient," the No. 1 reason cited by non-marketers is that they cannot afford to divert resources from current marketing programs. The No. 2 reason is that potential sales do not offset the costs.

"The reason they stay away is because they say they can't divert funds and lack resources," says Mr. Albonetti, "not because they don't think the market holds potential.

"But they're not blind. They're attuned to the fact that it's a hot segment. Even the skeptics filled out a 12-page survey, which shows a certain degree of interest."

# *Shops critical in pointing the direction*

By Marie Spadoni

Agencies tuned in to the nuances of the hispanic market are carrying a great deal of weight with companies seeking to tap that segment. Because many marketers have no experience in targeting hispanics, these shops become critical to successful campaigns.

"The major companies will demand the best kind of marketing and advertising support," says Joe Albonetti, VP, executive director of Conceptos International, a division of Miami-based Tinsley Advertising, which along with the University of Miami recently surveyed corporate marketing and advertising personnel about hispanic marketing. Almost 99% of the survey respondents said that a shop's ability to understand their needs was fairly-to-very important in the agency selection process.

"Creative capabilities may make the difference in selecting among finalists," he says, "but agency professionalism and marketing support will make up the core of the decision as to who gets to that stage."

New clients confirm this. "We need a lot of direction because we don't know anything about the hispanic market," says Michael Keenan, VP-corporate advertising for Texaco, White Plains, N.Y. Last December Texaco selected Conill Advertising, New York, as its first hispanic ad agency.

Conill's first effort for Texaco will break in either Miami, southern California or Texas this month.

Dallas-based Seven-Up Co. also plans to target hispanic markets regionally in 1988. Last month, Seven-Up signed Casanova, Pendrill Publicidad, Irvine, Calif., as its first hispanic agency after a six-month review (AA, Dec. 28).

"We wanted an experienced agency that could provide us and the bottlers with direction and insight into our current [hispanic] marketing position," says Bill Thompson, VP-brand management. Casanova, which had just lost the Pepsi-Cola Bottling Group of Los Angeles account, has extensive soft-drink experience, he says.

The company had not aggressively approached the hispanic market, Mr. Thompson says, and was beginning to feel competitive pressure from Coca-Cola Co.'s Sprite and PepsiCo's Slice, which have been actively marketed for hispanics. "Marketing to ethnics is a commitment of [Seven-Up's] new management," he says.

Key to that commitment is the ad agency. "It is important that our agency educates us," says Mr. Keenan. "They have the knowledge of the market."

Senior editor Ed Fitch coordinated this report on Marketing to Hispanics.

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February 15, 1988

# Advertising Age

Crain's International Newspaper of Marketing.

# New attacks on aspirin ads

## States threaten court action

By JENNIFER LAWRENCE

In an escalating battle over aspirin ad claims, the New York and Texas attorneys general put aspirin marketers on notice that they face state court action if they promote aspirin as a preventative for heart attacks.

The first company targeted by the two states was Rorer Pharmaceutical Corp., whose print ad for its Ascriptin brand reprinted a story in *The New York Times* on the National Institutes of Health study about aspirin preventing first heart attacks (AA, Feb. 8).

Rorer also felt heat from the Feds. The company last week said it decided to shorten its schedule for the Ascriptin ad after a "cordial" Feb. 10 telephone call from the Federal Trade Commission, during which the agency expressed its "concerns" about the ad.

Fort Washington, Pa.-based Rorer received the letter from the the New York and Texas attorneys general Feb. 12, after it had decided to discontinue the ad's schedule due to the FTC call.

All aspirin marketers were being contacted by the FTC in connection with heart-attack-prevention ad claims, said Susan Atkins, Rorer group VP-public affairs. *(See related editorial on Page 16.)*

Garfield takes a look at new aspirin ads—P. 88

Previously, New York-based Sterling Drug halted a page newspaper ad for No. 1-selling Bayer aspirin that called the study "Good news for heart health in America," at the request of the Food & Drug Administration (AA, Feb. 1).

There is some federal interagency rivalry taking place here; sources said the FTC, which has authority over ad claims, was irked that the FDA, which has authority of over-the-counter drug labeling, stepped into the issue without advising the FTC.

The FDA publicly expressed concern about the ads because it still is reviewing the new study.

While the FDA has approved use of aspirin to prevent second heart attacks, the agency has not approved its use to prevent first heart attacks.

William MacLeod, director of

*(Continued on Page 86)*

Staff photo by Arnold Adler

"Agencies are giving clients what they do best, and what they make the most money on."

—*Alvin Achenbaum*

# *Achenbaum warns shops on media role*

By JON LAFAYETTE

NEW YORK—Advertising agencies are in danger of losing control over media spending.

That's the belief of Alvin Achenbaum, the consultant who has helped change the way some big advertisers compensate their agencies.

"Agencies have spent so much time talking about creativity, they've not done the job they should have with media," Mr. Achenbaum, chairman of Canter, Achenbaum, Associates, said in an interview.

Mr. Achenbaum's company, founded 15 years ago with Stanley Canter, figured prominently in agency reviews of Minolta Corp.,

*(Continued on Page 83)*

# Ad spending up, but don't count on it

An Advertising Age roundup

Despite the optimistic spending plans of some of this country's major advertisers, many ad industry executives are saying that if the market dictates, all bets are off.

An ADVERTISING AGE survey shows that while many marketers are boosting their budgets, those increases are subject to scrutiny quarter by quarter, if not sooner.

Competition boosts carmakers' spending—P. 84

"Advertisers certainly are watching for changes in the economy, and they'll change their ad plans accordingly," said Greg Ostroff, advertising industry analyst at Goldman, Sachs & Co., New York. "No agencies are reporting substantial cutbacks [by clients] yet," but "they're making plans on a month-to-month basis."

In recent weeks, such major marketers as Alberto-Culver Co., General Motors Corp. and Warner-Lambert Co. disclosed substantial ad budget increases, ranging from Alberto's 25% hike to $114 million

*(Continued on Page 84)*

## *Last Minute News*

### *Paramount picks DMB&B*

HOLLYWOOD, CALIF.—Paramount Pictures named D'Arcy Masius Benton & Bowles, Los Angeles, as agency for its estimated $60 million media-buying account. DMB&B replaces AC&R/DHB&Bess. Other finalists included Saatchi & Saatchi DFS, Torrance, and Los Angeles agencies BBDO Worldwide and Ogilvy & Mather (AA, Jan. 25).

### *Ralston rolls new cereals*

ST. LOUIS—Ralston Purina Co. in March introduces nationally Bran News and Double Chex cereals with coupons, direct-mail sampling, inserts and a heavy network TV campaign. Ally & Gargano, New York, handles Bran News; Double Chex is handled in-house by Centra Advertising.

### *Wendy's beef is in groceries*

DUBLIN, OHIO—Wendy's International is testing sales of 1 and 3-pound packages of ground beef with its logo in Kroger stores in Columbus and Cin-

*(Continued on Page 8)*

**Do you know me? See P. 2**

# Pepsi regional move to shake up marketing

By PATRICIA WINTERS

A shake-up is expected in the marketing department at Pepsi-Cola Co. following a sweeping reorganization that eliminates its operating units and regionalizes the company into four key divisions.

Pepsi executives are evaluating positions in the national marketing department, and sources said it is likely to result in a shuffling of the staff at company headquarters in Somers, N.Y.

The reorganization announced last week is an effort to streamline operations, create operating efficiencies and stress the regional character of the soft-drink business (AA, Feb. 8).

Pepsi had no comment on whether there will be layoffs.

The marketer is eliminating the company-owned Pepsi-Cola Bottling Group and the Fountain Beverage Division, creating a single company called Pepsi-Cola Co. Pepsi-Cola USA will not exist after Feb. 22.

The new Pepsi-Cola Co. will operate as four regional companies, each headed by a separate president. The regional presidents will report to Craig E. Weatherup, named president-chief operating officer.

Mr. Weatherup, a 14-year PepsiCo veteran, most recently was president of the bottling group.

The new system creates a general manager setup where regional presidents will be responsible for total sales in their areas, including fountain, retail and company-owned and independent bottlers.

Ron Tidmore, Pepsi-Cola USA president-ceo, was named president of Pepsi-Cola South, Dallas. John M. Cranor becomes president of Pepsi-Cola East, Somers, from president, Fountain Beverage Division;

(Continued on Page 87)

Photo by Reuters

# Say 'cheese'

LONDON—Camera-shy Charles and Doris Saatchi were captured in a rare photo together at the star-studded premiere of the film "White Mischief" Jan. 29 in London's West End. While other papers zeroed in on fellow guests Prince Andrew; his wife, Fergie; Koo Stark; and Ringo Starr, the *Daily Express* tabloid ran the Saatchi paparazzi photo. The caption: "Saatchi . . . and Saatchi: Charles and Doris together at last."

Compared with older photos of 45-year-old Mr. Saatchi, co-founder of the Saatchi & Saatchi empire, the new one shows that he has cut his hair and lost weight.

Better known as an art collector than a filmgoer, Mr. Saatchi's private London museum this month opened an exhibit of contemporary East Village art called "NY Art Now."

# Highlights

## NEWS


**12 K mart clears up Stewart role**
K mart Corp. will launch two network TV spots to define Martha Stewart's role.

**26 Those big-town blues**
Two of the U.S.' hottest creative agencies have had a lukewarm reception in the No. 1 ad market.

**30 Happy birthday, 'New York'**
*New York* turns 20 with an unconventional anniversary celebration that should pump up its recent flat advertising performance.

**35 Merrill launches 'trust' theme**
Merrill Lynch brings "trust" back into advertising in its first major effort since Black Monday.

**36 Postal chief faces turmoil**
As Anthony M. Frank takes command, the U.S. Postal Service is about to undergo upheavals.

**40 Coupons a hit with consumers**
Advertisers have sold consumers on coupons and rebates, but resistance still remains to other promos.

**43 Gillette boosts Ayer overseas**
N W Ayer's international operation got a needed boost from Gillette Co.

**62 Agencies challenge N.Y. tax law**
Upstate shops recently audited are questioning New York's interpretation of its sales tax law.

**65 Ketchum revamps**
Ketchum Communications reorganized into three operating units to streamline management.

**82 Eveready takes Classic turn**
If Coca-Cola can go classic, so can Eveready batteries.


## INTERNATIONAL


**58 The Canada challenge**
Canada is poised for a hot year in 1988 as it faces a free-trade agreement with the U.S. and a bid by the Canadian government to ban advertising and promotion of tobacco products.

AD REVIEW: Aspirins on the attack. P. 88.

The original sensuous shave; a reminiscence by Bill Grathwohl. P. 50.

## Departments


| | |
|---|---|
| AdWhirl | 81 |
| Brady | 52 |
| Brady's Bunch | 82 |
| Classifieds | 77 |
| Direct Marketing | 38 |
| Editorials | 16 |
| For the Record | 83 |
| Forum | 18 |
| Garfield | 54 |
| Global Gallery | 56 |
| Letters | 20 |
| MediaWorks | 76 |
| People | 75 |
| PeopleWorks | 74 |
| Photo Review | 70 |
| Stock Report | 86 |
| Slices | 54 |
| The Next Trend | 52 |
| Words | 54 |


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# JWT re-enters fast-food field

## Gets $1M KFC account

By JANET MEYERS

J. Walter Thompson USA last week picked up a $500,000-to-$1 million assignment from Kentucky Fried Chicken Corp. that it hopes will ease the pain of its Burger King account loss.

JWT's Atlanta office will handle the assignment, a three-market test of KFC home delivery.

The business once again gives JWT a fast-food account, after its New York office lost the $200 million Burger King Corp. account to N W Ayer, and its Chicago office lost Godfather's Pizza's $8 million assignment to Fallon McElligott, Minneapolis.

Young & Rubicam, New York, which previously had the home-delivery assignment, still handles KFC's $100 million national account, but there have been rumors that its hold on the business is tenuous.

KFC in March breaks a new national campaign from Y&R, its fourth in two years. The effort is said to be a non-product-oriented image campaign, a departure from recent spots.

One spot tested was themed

(Continued on Page 86)

# Columbia recruits BBDO executive

By WAYNE WALLEY

Columbia Pictures last week became the latest studio to raid the ad-agency ranks. The studio recruited Dan Michel, exec VP-chief operating officer at BBDO Worldwide, Los Angeles, as its new marketing president.

Mr. Michel, 41, becomes the third agency executive in the past six months lured by Hollywood to forsake the agency business. The moves reflect a new studio attitude toward marketing.

With the average film costing $19.7 million for production and another $7 million for advertising and promotion, film companies are eager to maximize the potential and minimize the risk by hiring package-goods marketers.

"Historically, at studios the promotions department is doing one thing, advertising is doing another and publicity is doing another," Mr. Michel said. "What agency operations guys can do is bring in fresh thinking, different disciplines and pull all these things together."

Gordon Weaver, former president of Y&R Entertainment, joined the De Laurentiis Entertainment Group as a member of the office of the president in October (AA, Sept. 28).

In December, former DDB Needham Worldwide Exec VP-General Manager Sy Kornblit became exec VP-marketing for Universal Pictures (AA, Nov. 23).

At Warner Bros., Sandy Reisen-

(Continued on Page 87)

# Carmakers keep ad pedal to floor

By RAYMOND SERAFIN

Although many carmakers are trying to hold the line on ad spending this year, competitive pressures are forcing some big ad budgets.

That includes industry leader General Motors Corp., which is trying to reverse a disastrous 5% loss in market share in 1987, plus a slew of small marketers looking to carve niches.

Overall automobile ad spending growth probably will not match the substantial increases of 1987, but many think the category will continue to grow faster than the ad industry average. Predictions of increases range as high as 20%.

A superheated competitive environment drove up ad spending beyond anyone's predictions last year, and the fight for share is no less bloody now.

With more than three dozen marketers offering more than 300 car models, automakers, distributors and dealers are spending heavily to develop brand image, introduce new models and nameplates and regionalize their strategies.

No single source tracks auto spending at all levels, but a compilation of various sources suggests advertising in the category reached $7 billion last year, with spending by importers leading the growth.

A source at one ad agency that tracks spending patterns said passenger-car spending in major media by factories grew 29% and factory-dealer co-ops went up 21% during the 1987 model year, to a combined total of $2.6 billion.

Those figures do not include trucks, which represent 32% of all vehicle sales, and they also exclude costs for direct mail, promotions, incentives and ad production.

Robert J. Coen, senior VP-director of forecasting, McCann-Erickson, New York, said auto ad spending was up 19% during the first nine months of 1987, based on tracking of network and spot TV and magazines.

Tom Webb, senior economist for the National Automobile Dealers Association, McLean, Va., said dealer spending rose 12.5% to $3.6 billion during 1987. The total includes about $1.1 billion in dealer contributions to co-op advertising, which he said is growing faster than any other aspect of dealer ad spending.

NADA's figures show that dealer per-unit spending rose 20% during the year, which more than offset a 7% decline in vehicle sales.

Mr. Coen said auto spending will be "well above" the 9% growth he forecasts for the entire ad industry.

Two agency sources, who asked not to be identified, were split on Mr. Coen's projection. One said his agency is expecting factory and dealer group spending increases in the 20% range. "And our projections over the past few years have been consistently low," he said.

The other executive was more cautious, saying that preliminary figures from the first quarter of the 1988 model year showed spending was flat. Spending for the Olympics might change that trend, but 1988 "is a hard year to gauge," he said.

If ad spending levels are off somewhat, it may in part be because Japanese importers are feeling cost squeezes. As their parent companies watch profits fall with every rise in the yen, the U.S. marketing subsidiaries are forced to defend existing marketing budgets.

"A lot of Japanese [automotive] companies are responding to the increased budgets in Detroit by looking at their established ad spending and trying to find out what to do with the numbers they have," said Leon Rosen, national marketing manager, American Isuzu Motors, Whittier, Calif.

But importers overall spent aggressively during 1987. Mr. Coen said importers' major media spending soared 47% in the first nine months of 1987, compared to the previous year.

Another agency source calculated a 27% increase on importers' total spending during the 1987 model year. According to another agency's internal estimates, importers accounted for more than 45% of all car spending during the 1987 model year, even though their market share was under 33%.

Those sorts of numbers leave Detroit agency executives frustrated as they try, with only modest success, to convince their clients to ante up. "The difference is that domestic carmakers regard advertising as an expense, while the Japanese importers regard advertising as an investment," said the head of one agency.

GM traditionally has spent less money per car on advertising than any of its rivals, though GM's sheer size still allowed it to muster more total ad dollars than anyone else.

Detroit-based GM is giving its three newest models a $100 million ad send-off (AA, Jan. 25), a sign the automaker is revving up to win back some of the share it lost last year. However, more than half of that $100 million reflects a redirection of dollars rather than new spending, sources indicate.

Dearborn, Mich.-based Ford Motor Co. and Highland Park, Mich.-based Chrysler Corp. are taking a conservative approach to spending increases, sources indicated. Both nearly went broke during the early 1980s, and they now are keeping a lid on all expenses—including ad budgets—in order to hold down their break-even points.#

*Cleveland Horton in Los Angeles and Patricia Strnad in Detroit contributed to this report.*

## AUTOMOBILE AD SPENDING PLANS

| Advertiser | '88 budget estimates | % increase |
|---|---|---|
| Austin Rover | $20 million | NC[1] |
| BMW of North America | $75 million | NC |
| Chrysler Corp.'s Chrysler-Plymouth division | $110 million | NC |
| Chrysler Corp.'s Dodge division | $115 million | NC |
| Chrysler Corp.'s Jeep/Eagle division | $125 million | 14% |
| Daihatsu America | $5-10 million | NA[2] |
| Ford Motor Co.'s Ford division | $310 million | NC |
| Ford Motor Co.'s Lincoln-Mercury division | $125 million | NC |
| General Motors Corp.'s Buick division | $103 million | 15% |
| General Motors Corp.'s Cadillac division | $42 million | 5% |
| General Motors Corp.'s Chevrolet division | $325 million | 5% |
| General Motors Corp.'s Oldsmobile division | $105 million | 10% |
| General Motors Corp.'s Pontiac division | $90 million | 20% |
| American Honda's Acura division | $53 million | 18% |
| American Honda Motor Co. | $137 million | 5% |
| Hyundai Motor America | $71 million | 14% |
| American Isuzu Motor Co. | $62 million | 5% |
| Mazda Motors of America | $157 million | NC |
| Mercedes-Benz of North America | $60 million | NC |
| Mitsubishi Motor Sales of America | $65 million | 25% |
| Nissan Motor Corp. U.S.A. | $180 million | NC |
| Peugeot Motors of America | $25 million | 67% |
| Porsche Cars North America | $15 million | NC |
| Saab-Scania of America | $11 million | 10% |
| Toyota Motor Sales USA | $209 million | NC |
| Subaru of America | $60 million | 100% |
| Volkswagen of America's Audi of America division | $80 million | 100% |
| Volkswagen of America's Volkswagen U.S. division | $125 million | 19% |
| Yugo America | $48 million | 100% |

[1] No change. [2] Not available. *Source:* Advertising Age

# Budgets

*(Continued from Page 1)*

to W-L's 13.7% jump to $830 million annually to GM's six-month $100 million ad blitz backing three new cars.

It will not be known for some time whether advertisers stick to their plans, but agencies are questioning their clients about how solid the 1988 plans are.

"The answers I'm hearing make me think budgets are going to change a lot throughout the year," said an agency executive, who works with a major toiletries advertiser. He reflects the view of many executives who believe budgets are volatile.

"Half of our clients say ad spending will be up this year, and half say it will be down," said an agency president. "But they all add the same thing: Don't count on anything."

Many observers and marketers remain optimistic that ad spending will show a moderate gain this year. But projections vary wildly.

Some forecast a gain of more than 10%, while others predict ad spending will rise no more than 5%, or barely above the inflation rate.

All this uncertainty exists despite the twin catalysts of a presidential election year and the Olympics, which traditionally boost ad spending.

"The trend will be toward more selective advertising, less across-the-board increases," said Jay Freedman, household products analyst with Kidder Peabody & Co. "Companies aren't in a tremendous building mode. They'll focus on advertising more than they have in the last two years. But at the same time, they're going to be watching profitability."

Many agencies said they have seen little indication that the spending increases truly are boosting measured media campaigns (AA, Jan. 18).

"What we're looking at are budgets showing an 8% increase overall," said Charles Peebler Jr., ceo at Bozell, Jacobs, Kenyon & Eckhardt, New York. "Some of those [budgets represent] bigger campaigns and pushes than others, but we don't look at it as being a lot different than we thought. . . . We're not seeing at the moment any deterioration of budgets because of any additional shifts to promotion."

Among package-goods marketers, 1988 media spending is projected to rise moderately after two years that saw an increased emphasis on consumer and trade promotions as well as mergers and acquisitions.

But even among these companies, traditionally the most recession-proof, ad spending is not up across the board.

For the most part, these advertisers are putting renewed emphasis on rebuilding brand position or supporting new products—or they are involved in tremendous market-share battles in specific categories.

"Over the last few years, more and more dollars have been diverted to promotional spending, but there's always been a concern that promotional tools are more tactical than strategic," said Joel Weiner, senior VP-corporate marketing, Kraft Inc., Glenview, Ill.

"Now, you have a concern on manufacturers' part that we need to go back to basics and find correct brand positioning," he said. "Through advertising, companies are trying to rebuild or continue to build or ensure that brand franchises are built."

> *"Half of our clients say ad spending will be up this year, and half say it will be down. But they all add the same thing: Don't count on anything."*
> **—Agency president**

Mr. Weiner said Kraft this year will increase advertising for most brands by a significant amount. "But I see a situation where we will be beginning to put the brakes on the significant increases in [trade] and promotion spending that you've seen in the past years."

One of last year's hottest head-to-head product battles, between Quaker Oats Co. and General Mills in the $500 million hot-cereal category, is fueling more ad spending increases this year.

Chicago-based Quaker boosted its marketing budget by 37% in fiscal 1987, which ended Sept. 30, and plans a sizable increase for fiscal 1988. Already, spending in the first half of the year is up more than 50%.

But such ad spending increases cut into profit margins. For two consecutive quarters, Quaker's grocery division has reported losses blamed on increased marketing expenditures.

"We made a conscious decision a year ago to significantly increase the level of ad support for our flagship product," a spokesman said. "Marketing studies showed that the category was undermarketed."

General Mills' ad spending is expected to rise at least 10% this year, more than double last year's 4% hike. And continued strong support for Total oatmeal is only one factor in the increase.

On April 1, the Minneapolis-based marketer starts a $35 million print and TV ad push for 22 new Betty Crocker products (AA, Dec. 14).

Campbell Soup Co.'s 15%-to-20% hike in 1988 ad spending is less a result of the premium cost of TV time on the Olympics telecasts or the threat of recession than it is a response to declining market shares for some brands.

Hurt by declines in its Le Menu frozen-food line and Prego spaghetti sauce, and the failure of the Fresh Chef line of refrigerated salads and sauces, the Camden, N.J.-based company is pumping up and redirecting most of its ad spending to core brands such as the red-and-white-labeled soups.

Among cosmetics and toiletries marketers, ad spending is projected to be flat not only because of profit constraints but because retailers are pressuring marketers to put more money into promotion and catalogs, said Allan Mottus, a New York-based cosmetics industry consultant.

At least one national beer marketer, Adolph Coors Co., has decided that 1988 is the right time for a strong advertising push. It has achieved national distribution for its brands and sees weakness at competing brewers.

"We've made the decision that 1988 is the year to strike hard," said Gary Naiseh, VP-brand management at Golden, Colo.-based Coors. "Our corporate strategy is 'Let's go get 'em.' "

Part of the company's 25% ad spending increase, to $100 million, will support newly launched beers *(see related story on Page 4)*. Coors also will increase spending for its flagship Coors and Coors Light brands.#

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